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17 March 1988

MEMORANDUM FOR THE RECORD

SUBJECT: HPSCI CIAP Hearing

1. The hearing took place from 0900 to 1100 on 16 March 1988. (U)

2. In attendance were Chairman Louis Stokes, Committee members Livingston, Hyde, Lundgren, Dwyer, Cheney, and Kastenmeier. Mr. Marty Faga, Mr. Duane Andrews, and other members of the HPSCI staff were also present. Mr. James Taylor, the Executive Director of CIA, was the principal briefer. He was accompanied by Mr. Dan Childs, CIA Comptroller; Mr. Rae Huffstutler, Deputy Director for Administration; [redacted] Associate Deputy Director of Operations; [redacted], Associate Deputy Director of Intelligence; [redacted] of the Comptrollers Office; and [redacted], of the CIA's Legislative Liaison Office. [redacted]

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3. Mr. Taylor gave the opening statement and briefly reviewed the FY 1989 CIA Program. He emphasized that the current program is funded [redacted] less than last year's; represented the first reduction to the CIA program in ten years, and that the reduction comes at a time of increasing intelligence requirements. [redacted]

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4. All of the Congressmen present participated in the question and answer period. Mr. Cheney had a great deal of concern over what appeared to be a large reduction in the FY 1989 funding for non-acoustic Anti-Submarine Warfare and that this was more important than INF and Agency Mobile Missiles efforts. He felt that SS-20s did not pose a threat to the US, but the Soviet ability to track our Trident submarines was a real threat. It was explained by Mr. Taylor that what probably happened in the non-acoustic area was that the effort had reached a point of maturity where the funding could level out (what actually happened was a large, one-time infusion of funding in FY 1988 for a specific project created a large spike). [redacted]

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TOP SECRET

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[REDACTED]

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[REDACTED] Both Mr. Livingston and Mr. Cheney expressed concern over the Agency's counterintelligence effort. They wanted to know what progress had been made since last year (which Mr. Cheney deemed the "year of the spy"), and mentioned the Howard, Walker, Whitworth, and Pelton cases. Mr. Taylor answered by saying that more has probably been done in this area than in any other in the Agency. He elaborated by saying that the Office of Security had been reorganized, all plaintext processing equipment going overseas is now never out of US control, more technical security field teams are being deployed, a community training center has been built, an acoustic-shielded enclosure program is underway, and major changes have been undertaken in how the Agency hires new employees, reinvestigates current employees, and investigates people leaving. [REDACTED]

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5. Mr. Cheney also expressed concern over the funding for collection and processing. He questioned whether we were spending too much on collection and not enough on processing. [REDACTED]

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[REDACTED]

6. Mr. Hyde's primary concern was CIA's counterintelligence (CI) effort

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[REDACTED]

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[REDACTED]

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7. Attached is a rough gisting of Mr. Taylor's opening statement and the question and answer session. [REDACTED]

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8. Mr. Taylor began the HPSCI session by providing a brief review of the CIAP budget for FY 1989. [REDACTED]

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[REDACTED]

[REDACTED] Resources were concentrated on security, counterintelligence, information handling, and collection and analysis. The current program continues efforts to acquire a scientific computer, provides a modest increase in counterintelligence, continues personnel security and cooperative efforts with other Agencies, procures secure enclosures overseas, enhances the Agency's global protection program, and continues efforts to eliminate the backlog in background investigations. It also continues ongoing efforts in information handling, the NPIC modernization project--albeit at a somewhat lower level, sustains the seven-year communications modernization program, and continues support for SAFE. Mr. Taylor expressed the need for future investment and stressed that if reductions continue, it will have a serious impact on CIA's mission. [REDACTED]

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9. A question and answer session followed Mr. Taylor's opening statement, and the following is a rough gisting of that session:

[REDACTED]

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